



the

BOND TELLER

Volume 26

No. 1 May, 1997 • Department of the Treasury • Bureau of the Public Debt

SAVINGS BONDS OFFERED THROUGH HOME BANKING

“We are always looking for ways to make it easier for customers to buy savings bonds,” Arthur A. Klass, Assistant Commissioner of Public Debt, Savings Bonds Operations, said. “Home banking gives us another market avenue.”

“Use of the Internet and home banking is growing faster than any of us imagined,” Klass said. “The challenge is to keep up with times. Currently, we are working with software developers and financial institutions to allow the purchase of saving bonds through home banking software.”

“Many customers use home banking software, which links the customer via the Internet to a financial institution, for bill paying and other financial services. Now, some users of home banking will be able to complete an application to purchase savings bonds and authorize payment in the comfort of their home.”

Mr. Klass explained that at least two software companies are modifying their home banking software to include a bond purchase option. Each company is using a current relationship with a financial institution to pilot the product. They will offer the modified software to other financial institutions in the near future.

Public Debt also is encouraging other software developers to offer the bond purchase option in their home banking software. Any software developer is eligible to participate.

The purchase of savings bonds through home banking will make it easier for financial institutions to process bond orders, Klass said. When buying a bond over the counter, the customer usually completes a paper application that must be reviewed for completeness by the financial institution. The financial institution or the Federal Reserve must enter the order information data prior to issue and delivery of the bond. With home banking, the customer will input bond inscription, delivery, and payment information on

(Continued on page 3)

YES! WE ARE THERE ... ON THE INTERNET!

Enter our Internet address into your computer and you will find a wide variety of information about savings bonds on the Public Debt home page. And soon you also will find The Bond Teller there! We encourage your bank to link to our site to provide customers with a wealth of information about bonds. Here's a sampling of what you'll find:

- Press Releases
- Current interest rates
- Information about buying and redeeming bonds
- Frequently Asked Questions (FAQ) about savings bonds
- Frequently Asked Questions (FAQ) about taxes
- Bond Pricing Tools (including the Savings Bond Wizard)
- Forms for savings bond transactions

The home page also has a host of information about the public debt and other Treasury security programs. Our site is always changing...visit us often and let us know what you think! You and your customers can contact us at: savbonds@bpd.treas.gov

IN THIS ISSUE

SAVINGS BONDS OFFERED THROUGH HOME BANKINGp 1

YES, WE ARE THEREp 1

INFLATION INDEXED BONDS COMING NEXT YEARp 1

FREE SAVINGS BOND PRICING SOFTWAREp 2

SAVINGS BONDS RESOURCE GUIDE NOW AVAILABLEp 2

GET PRICING SOFTWARE FREE AT OUR HOME PAGEp 3

WHAT ARE MY BONDS EARNING NOW?p 3

WHEN DISASTER STRIKES. . . .p 4

HERE'S SOME GOOD NEWS . .p 4

INFLATION INDEXED BONDS COMING NEXT YEAR

President Clinton announced last September that Treasury would offer an inflation indexed savings bond. Treasury has just begun work on the new instrument which will go on sale in 1998, so no details are available yet.

FREE SAVINGS BOND PRICING SOFTWARE—IT MAKES SENSE!

Why keep customers waiting in line or make a costly mistake looking up bond values in a table when you can simply enter the issue date and denomination and let CRV do the work for you?

Current Redemption Value (CRV) software is a computer program designed by the Bureau of the Public Debt to help banks price savings bonds electronically. This software gives redemption values for series E and EE bonds and Savings Notes. More than 3,000 banks use CRV to price savings bonds. Why? Because they've learned that it's more convenient, it's faster, and there's less chance for error than with the old paper redemption value tables.

CRV is Windows™ compatible and will work on a personal computer or local area network running DOS with at least 384K of RAM and 335K of disk space (it is not Mac compatible). The program changes every six months when new bond values are added to the program. You can download the latest version of CRV from Public Debt's site on the Internet using the following address, and return the first of every March and September when the new versions are available. The best part is—it's free!

<http://www.publicdebt.treas.gov/sav/savprice.htm>

Paying agents who don't have Internet access can order CRV at no charge from the Savings Bond Operations Office by phone, FAX, or mail.

Phone: (304) 480-6888

FAX: (304) 480-7959

Mail: Fill out the coupon provided on this page and mail to:

Accrual Bond Branch
Bureau of the Public Debt
P.O. Box 1213
Parkersburg, WV 26102-1213

Last December, Public Debt surveyed 3,500 paying agents about CRV and related computer technology. Some 2,400 agents responded. Public Debt thanks you for the effort. As part of the survey, we asked if agents

could do with fewer copies of the paper redemption value tables. You told us that you could operate with 13,000 fewer copies than you were receiving—a 15% reduction! Much of this reduction was due to increased usage of the CRV program.

Other findings that will help us serve you better: Over 65% of banks have converted to a Windows-based operating system. Of those who haven't, over 70% plan to do so in the next three years. Therefore, we plan to develop a Windows-based version of CRV that is easier to use and includes more of the features you

requested. A final decision on what features will be included has not been made...but under consideration are a save feature for individual customer holdings that you can update every six months and a feature that will help you expedite issue of 1099-INT forms.

It's costly for the government to produce paper redemption value tables, and it can be costly for banks when a teller makes a mistake in reading the tables. Using CRV solves both problems; it not only makes sense for banks, it makes sense for Uncle Sam too!

CRV Bond Pricing Software Request

FRB Code

Paying Agent Code

ABA (Routing/Transit) Number

Agent Name

Address

Contact Person

Title

Telephone No. () - Ext.

SAVINGS BONDS RESOURCE GUIDE NOW AVAILABLE

A new "Savings Bonds Resource Guide" published late in 1996 is intended to help employees of financial institutions who handle savings bonds answer customer questions and know proper procedures for issuing and redeeming bonds.

The looseleaf format of the guide makes it easy to update.

The guide covers general information on bonds, instructions on issuing, reissuing, and exchanging E, EE, and Savings Notes for HH bonds, and EZ Clear procedures.

Detailed instructions on filling out various transaction forms along with clear examples of completed forms are included.

Quick reference guides and outlines for in-house training seminars also are included.

The guide was written by a task force made up of Public Debt Employees and representatives from Federal Reserve Servicing sites.

If you have not received your guides contact your Federal Reserve Servicing site.

WHAT ARE MY EE BONDS EARNING NOW?

It's a common question, you've probably heard before. But do you know how to answer it? If not, take a look at the back of the savings bond rate announcement you receive with The Bond Teller the first of every May and November.

You'll find a table entitled "REDEMPTION VALUES AND YIELDS FOR \$100 SERIES EE BONDS..." This table tells you what EE bonds are earning during the current or upcoming six-month period. It looks something like this:

(Col.1)	(Col.2)	(Col.3)	(Col.4)	(Col.5)	(Col.6)	(Col.7)	(Col.8)
Series EE BOND	Value as of		Semiannual Earnings		Value and Yield from Issue Date		
Issue dates	Date	Amount	Period begins	Yield	Date	Amount	Yield
11/96 thru 4/97	11/1/96	50.00	11/1/96	4.64%	5/1/97	51.16	4.64%
5/96 thru 10/96	11/1/96	51.08	11/1/96	4.54%	5/1/97	52.24	4.43%
11/95 thru 4/96	11/1/96	52.32	11/1/96	4.59%	5/1/97	53.52	4.59%
5/95 thru 10/95	11/1/96	53.68	11/1/96	4.62%	5/1/97	54.92	4.75%

To look up what a particular EE bond is earning follow these two simple steps:

1. In Column 1, find the issue date range that applies to your bond.

2. Then find the corresponding earnings rate for the current or upcoming six-month period in Column 5 shown as an annual percentage rate. (The six-month earnings rate is shown as an annual rate using semi-annual compounding.) The tricky part is determining the six-month period to which this rate applies. New savings bond rates are announced every May 1 and November 1, but EE savings bonds generally accrue interest every six months from the issue date.

If a \$100 EE bond was issued in November 1995, the bond increases in

value every November 1 and May 1, which correspond to the dates in Column 2 and in Column 6. This means that the bond is worth \$52.32 (Column 3) on November 1, 1996, and \$53.52 (Column 7) on May 1, 1997. Between those two dates, that bond's earnings were at the annual rate of 4.59% (compounded semiannually).

If, instead, the bond has a January 1996 issue date, it increases in value every January 1 and July 1. Since January 1996 is two months later than November 1995 (the first date in the range in Column 1), you need to add two months to the dates in Column 2 and in Column 6. This means that a \$100 EE bond issued in January 1996 is worth \$52.32 (Column 3) on January 1, 1997, and \$53.52 (Column 7) six months later on July 1, 1997. Between those two dates, that bond's

Rate Information

Current interest rates on savings bonds can be obtained by calling the toll-free recording 1-800-4US-BOND (1-800-487-2663).

earnings were at the annual rate of 4.59% (compounded semiannually). Column 8 shows overall earnings since date of issue.

The table on the back of the savings bond rate announcement only covers EE bond earnings. The "United States Savings Bond Earnings Report" published every six months—typically, October 31 and April 30—contains the same information but also covers old E bonds and savings notes that are still earning interest. To obtain a copy of the earnings report, contact the Federal Reserve Office that provides savings bond services in your region. You can also download the earnings report from Public Debt's Internet site:
<http://www.publicdebt.treas.gov/sav/savrepor.htm>

Home Banking

(Cont'd from page 1)

an order screen. To reduce errors in the order process, the software will require customer verification of critical information.

Daily bond orders will be accumulated and transmitted electronically to the Federal Reserve Bank through the Fedline system. Payments accumulated for the bond orders will be charged to the financial institution's account with the Federal Reserve Bank.

"We encourage financial institu-

tions planning to offer home banking to their customers to include the bond purchase option," Klass said.

Questions on the program can be answered or additional information obtained from Judy Williamson, (304)-480-7753 or by sending a message to Judy's Internet address: jwilliamson@bdp.treas.gov

Gift Certificates

When a bond is purchased as a gift remind your customer to send a gift certificate so the receiver will know who to thank for the gift.

WHERE DO I GET SAVINGS BOND FORMS?

Do customers ask you for forms to make claims for missing bonds or to request other savings bond transactions? Your institution may already keep a small supply of these forms, but you may not know how to get more when that supply is gone. Contact your servicing Federal Reserve Office. That office is best equipped to meet your savings bond form needs and to answer questions about savings bonds.

HERE'S SOME GOOD NEWS FOR COMPUTER SAVVY BOND INVESTORS. . .

A new version of
the SAVINGS
BOND

WIZARD™

(Version 1.06) is
now available!

In case you're
not familiar with it,
the Savings Bond
Wizard™ is a
Windows™ application
program designed to
help your customers
price and inventory
their savings bonds. This
latest version of the Wizard™ fixes
several bugs that cropped up in earlier
versions and contains some diag-
nostic enhancements, as well. All in
all, it's a fun, easy to use program.
But don't take our word for it. Here's
what Wizard™ users have to say:

"The program is tremendous!"

*"It's what I've been looking for for a
long time. My hat is off to whomever
initiated making this program avail-
able."*

*"The Savings Bond Wizard has been
a big help to me in my job as a
CPA."*

*"It's fantastic! I can't tell you how
pleased I am and - honestly - how*

*amazed I am that this very useful
tool is available from the govern-
ment!"*

*"Thanks for providing Savings Bond
Wizard for those of us who have been
in the dark for so long regarding the
value of our bonds! Your efforts have
produced something useable and will
make me feel just a little bit better
when I pay my income taxes this
year."*

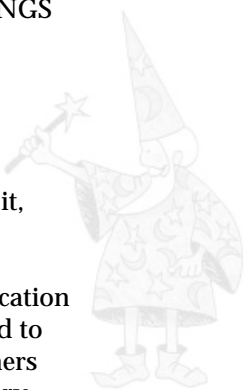
"It's a great service!"

How do investors obtain a copy of
the Wizard™? One way is to down-
load it from Public Debt's website —
it's free! Address: [http://www.pub-
licdebt.treas.gov/sav/savwizar.htm](http://www.publicdebt.treas.gov/sav/savwizar.htm)

For investors not on the internet,
Wizard™ is now being offered for the
first time on diskette through the
Government Printing Office (GPO).
The cost is \$17. Orders may be placed
in one of three ways:

Write:
Superintendent of Documents
U.S. Government Printing Office
Attn: Electronic Products
P.O. Box 37082
Washington, D.C. 20013-7082

Phone: (202) 512-1530 or
Fax: (202) 512-1262.



Change of Address

Editor: Please change the mailing address

*From: (Recipient please affix old label here or provide the
identification number printed above the address on the label.)*

To: _____

*Please change the number of copies I receive
from _____ to _____ .*

_____ I no longer wish to receive "The Bond Teller."

WHEN DISASTER STRIKES... THERE IS HELP!

In recent months we have seen peo-
ple in many areas of the country
coping with disasters. This is a
time when extra funds, such as sav-
ings bonds may be needed.

When a natural disaster strikes and
your customers ask about redeeming
savings bonds that are less than six
months old, get in touch with your
servicing Federal Reserve Office.

When disasters such as flooding,
mud slides, forest fires, and earth-
quakes affect a significant number of
people, Public Debt authorizes Federal
Reserve Offices to permit paying
agents to redeem bonds that are less
than 6 months old. In addition to
notifying Federal Reserve Banks,
Public Debt issues a press release
reporting what states and counties
have received a waiver so that resi-
dents of these areas may redeem
bonds early.

Presenters generally are not
required to provide proof of hardship
but must acceptably identify them-
selves as owners, coowners, or other
individuals entitled to payment in
accordance with the Identification
Guide for Cashing United States
Savings Bonds (PD F 3900).

The Federal Reserve can also advise
you on steps to take when savings
bonds are lost in these circumstances.

TAXABLE REISSUES

When a taxable reissue trans-
action is sent for processing,
the customer will no longer
be notified prior to completion of the
reissue. There are warnings on all
reissue forms to advise the customer
that some reissues could be taxable.

*The Bond Teller is a publication of
The Department of the Treasury
Bureau of the Public Debt
Washington, D.C. 20239*

Editor: Sheila E. Nelson SB 2212